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Alan Propper  
Director  
Pricing & Regulation

RECEIVED

TEL (602) 250-3148  
FAX (602) 250-3399

Mail Station 9909  
P.O. Box 53999  
Phoenix, AZ 85072-3999

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October 29, 1999

AZ CORP COMMISSION  
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Ms. Deborah R. Scott  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

DOCKET NO. RE-00000C-99-0165

RE: Arizona Independent Scheduling Administrator Implementation Plan

Dear Ms. Scott:

Section R14-2-1609(E) of the ACC's "Competition Rules" requires Affected Utilities such as APS to file a proposed Arizona Independent Scheduling Administrator (AISAA) implementation plan within 30 days of the Commission's adoption of the final rules. This letter is to comply with that requirement.

Previously, in ACC Decision No. 61071 issued August 10, 1998, the Commission had issued final rules governing competition and retail access within Arizona. The provisions addressing implementation of the AISAA in the current Competition Rules, with minor revisions, are the same as those previously issued by the Commission.

On September 1, 1998, APS in conjunction with the other Affected Utilities, filed a proposed plan for implementation of the AISAA pursuant to ACC Decision No. 61071. This filing was made prior to the actual formation of the AISAA.

Subsequently, the AISAA was incorporated in Arizona on September 15, 1998. During the period between its formation and present, the AISAA's Operating Committee participants finalized a series of protocols ("Draft Protocols") intended to govern transmission access and related services under the ACC's Competition Plan. The AISAA Operating Committee participants represented a diverse group of affected stakeholders; including transmission providers (both FERC jurisdictional and non-jurisdictional), transmission dependent utilities, large commercial and industrial customers, municipalities, marketers, wholesale generating entities (EWGs/IPPs), ACC Staff, the Residential Utility Consumer's Office, and others. Originally anticipating commencement of the ACC's Competition Plan on January 1, 1999, the AISAA filed its incomplete tariff and other documents with FERC on October 29, 1998 in FERC Docket No. ER99-388-000. The AISAA subsequently requested FERC stay any action on its filing once it became known that the ACC Competition Plan would not begin as originally anticipated.

The AISAA commissioned Price Waterhouse to conduct an audit of the Draft Protocols and also retained Washington counsel to evaluate whether the protocols were consistent with FERC's practices. These evaluations have been completed and the protocols are awaiting final approval by the AISAA Board of Directors (it should be noted that the ACC participates in the AISAA Advisory Committee and has an ex officio position on the AISAA Board of Directors).

It is expected that the AISAA Board of Directors will address approval of the protocols sometime in November, 1999 and upon approval, they will be formally filed with FERC for its acceptance.

Arizona Corporation Commission

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Sincerely,

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